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NORTHLAND TRUST
COMPANY

6TH

ANNUAL
REPORT
1967

NORTHLAND TRUST COMPANY

Directors

E. C. Bovey	Toronto
* F. G. Carrotte, C.A.	Kirkland Lake
G. H. Charlewood, Ph.D.	Kirkland Lake
W. R. DuPont, Q.C.	Cochrane
P. H. Harrower	Timmins
* J. A. Kennedy	North Bay
G. E. Knowles	Kapuskasing
* A. M. Korman	Timmins
J. W. McBean	Kirkland Lake
* J. L. C. McKay-Clements, P.Eng.	New Liskeard
D. McKelvie	New Liskeard
J. P. McVittie	Sudbury
R. H. Pope, C.A.	Timmins
J. S. Stewart	Haileybury
G. E. Wallace, Q.C.	North Bay
* Member Executive Committee	

Officers and Department Heads

J. W. McBean	Chairman of the Board
J. L. C. McKay-Clements	President
J. A. Kennedy	Vice-President
P. H. Harrower	General Manager
H. W. Gauthier, Q.C.	Secretary
Mrs. G. Roscoe	Assistant Secretary
R. H. Pope	Treasurer
R. J. Kennedy	Trust Officer
R. W. Robinson	Mortgage Manager

Report to Shareholders

The Sixth Annual Report of Northland Trust Company covers a difficult period but nevertheless one of satisfying accomplishment.

While there has been no move into a profit position, there has been a measurable improvement. A realistic, but not pessimistic, forecast of an operating loss of \$123,800 has been reduced to \$80,204, the difference being the measure of our progress.

There are many factors making it difficult to forecast future progress, nevertheless we are confident that a breakeven point may be reached during 1968. Early acquisition of new capital will be an important element in reaching this objective and we shall be following this up with you in the near future.

One of our five branches is now on a regular profit basis, two are intermittently so and will soon join the other and the two branches opened during 1965-6 are developing nicely.

Keen competition generated by changes in the Bank Act, coupled with other unfavourable conditions, did not prevent us from enjoying the largest annual growth to date in the volume of funds deposited with us. The increase of \$3,760,000 is over one million dollars ahead of our best previous total in 1964-5. Our membership in the Canada Deposit Insurance Corporation undoubtedly contributed to this success.

Our Estates, Trusts and Agencies department has made spectacular progress. Probate is presently being arranged for new estates which will bring total assets under administration by this department to approximately one and a quarter million dollars.

An agency arrangement with Mercantile Bank of Canada has provided us with an entry into the consumer loan field. This added service for our customers will fill a gap in our activities that placed us at a serious disadvantage with our competitors; it will also provide added revenue.

We would be remiss if we did not express our sincere thanks to our staff for their loyal service during the year; they have contributed in great measure to our progress.

Respectfully submitted on behalf of the Board.

J. L. McKAY-CLEMENTS

President

Management Report to Shareholders

The growth rate of Northland Trust Company continues to be satisfactory and is among the highest in the industry. Increases noted below highlight the Company's progress since October 31, 1966.

Total assets under administration increased	40%	to \$13,930,793
Savings deposits	41%	\$ 4,486,882
Guaranteed Investment Certificates	52%	\$ 7,208,968
Registered Retirement Savings Plans	178%	\$ 171,205
Mortgages	37%	\$ 8,784,604
Estates, Trusts and Agencies	90%	\$ 738,946
Number of customers	43%	13,095

This excellent progress can be attributed to our branches which have all been exceptionally well received in the communities in which they operate.

As a service organization, a trust company is largely dependent upon the manner in which each staff member fulfills his duties, especially in his relationship with clients. We succeed only to the extent that our staff members recognize their individual responsibility in providing clients with the finest service possible. The continued satisfactory growth in the past year attests to their effectiveness; I am proud of them and happy to express my appreciation.

The year just ended is the first in which a major portion of staff time was not devoted to branch development. More time was therefore available for staff training, systems improvement and close scrutiny of all operating costs. A more efficient organization has resulted and this improvement is reflected in the attached statement of profit and loss which records a 50% increase in operating revenue.

Careful control is constantly exercised over acquisition of new personnel in the interest of maintaining efficient operations of all departments and branches. The need for increasingly skilled staff was reflected in the continued advancement of qualified people to positions of greater responsibility. Mrs. G. Roscoe, who has been with the Company since its inception as its first teller, and advanced through the organization as Branch Accountant, Assistant Head Office Accountant, and Head Office Accountant, was appointed Assistant Secretary in September, 1967. Mrs. Roscoe is presently enrolled in the Chartered Institute of Secretaries Course.

Mr. J. A. Plant was appointed Manager of the Timmins Branch, having served as Manager in Training and then Acting Manager of that same branch. During the year, Mr. Plant attended the Bank Public Relations and Marketing Association's School at Northwestern University in Chicago.

Mr. J. W. Chapman was appointed Manager of the North Bay Branch November 1, 1966, following a training period in the Kirkland Lake Branch. Mr. Chapman has an extensive background in business as a financial officer and general manager and is a Fellow of the Chartered Institute of Secretaries.

Mr. R. W. Robinson was appointed Manager of the Mortgage Department on March 13, 1967. Mr. Robinson had been Assistant Manager of the Timmins Branch prior to which time he had been associated with a Canadian chartered bank for twelve years where he qualified as a Fellow of the Canadian Bankers Association.

Mr. R. J. Kennedy who has been with the Company since 1962 and has been a Trust Officer for seventeen years is enrolled in the Trust Companies Association of Canada Training Course. Like all professionals, Mr. Kennedy feels refresher courses are necessary to keep current and his participation will better enable him to assist other staff members enrolled in the course. Employees presently enrolled in the Training Course are Messrs. J. W. Chapman, N. Krcel, J. A. Plant and W. J. Vanstone, all of whom are Branch Managers.

Management wishes to thank the members of our Board of Directors who served with their usual high degree of interest in our affairs and continued to give generously of their time.

May I again thank you for your willingness to underwrite our long range programme of progressive trust company services and for the business you direct to our branches.

P. H. HARROWER General Manager

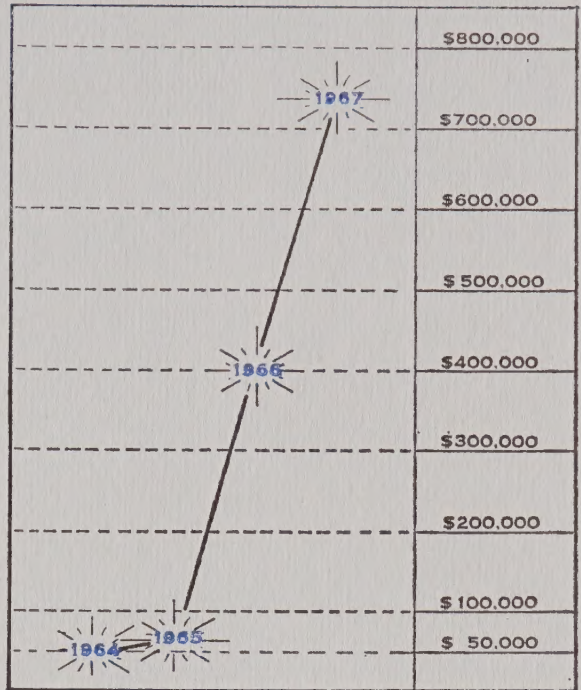
GROWTH HIGHLIGHTS

Estates, Trusts and Agencies

The graph illustrates the wide acceptance of Northland Trust Estates, Trusts and Agencies department by residents of Northern Ontario.

Assets include Pension Plan Funds and Estates under administration.

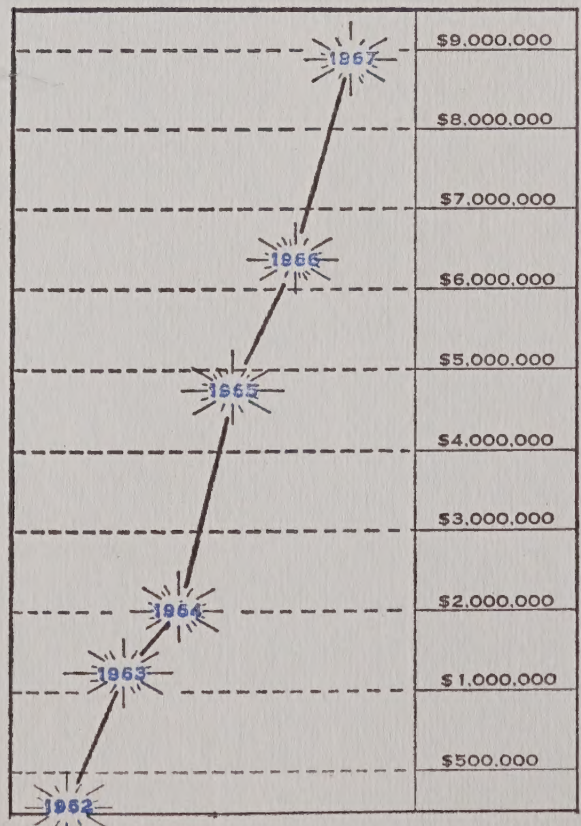
Values of properties managed are not reflected by the graph.



Mortgage Loans

Northland Trust Company continues to provide mortgage funds to assist in the development of better residential and commercial facilities in Northern Ontario. The graph illustrates the rapid rate of growth in this facet of the Company's business since its inception only 5½ years ago.

The Company is proud to provide "Northern Money" for use in "Northern Communities".



NORTHLAND T

BALANCE

October

(with comparative amou

<u>ASSETS</u>			
		<u>1967</u>	<u>1966</u>
Cash		\$ 346,779	\$ 69,977
Accounts receivable		<u>21,525</u>	<u>18,364</u>
	Market value - 1967		
Securities (note 1):			
Canadian and Provincial Government Bonds	\$1,947,556	2,146,446	1,601,976
Municipal bonds	245,963	280,640	280,631
Corporate bonds and debentures	427,000	508,868	509,322
Short-term notes and deposit receipts	697,135	697,135	201,211
Stocks	148,039	174,375	284,630
	<u>\$3,465,693</u>	<u>3,807,464</u>	<u>2,877,770</u>
Loans on collateral securities		62,143	31,725
Mortgages less allowance for losses thereon		8,784,604	6,389,950
Fixed assets — at cost less accumulated depreciation and amortization amounting to \$49,063 (1966 - \$31,166)		<u>169,332</u>	<u>153,986</u>
		<u>\$13,191,847</u>	<u>\$9,541,772</u>
Estates, Trusts and Agencies			
Cash, securities and other assets		\$ 738,946	\$ 388,934
		<u>\$ 738,946</u>	<u>\$ 388,934</u>

AUDITOR

**To the Shareholders of
Northland Trust Company.**

We have examined the balance sheet of Northland statements of deficit and profit and loss. Our examination in tests of accounting records and other supporting evidence as

The assets held for Guaranteed Account and for Esta Company's own assets and are so earmarked on the books of

In our opinion the accompanying balance sheet and financial position of the Company as at October 31, 1967, and

London, Canada.
November 14, 1967.

UST COMPANY

SHEET

, 1967

s at October 31, 1966)

LIABILITIES AND CAPITAL

Liabilities:	1967	1966
Guaranteed account —		
Savings deposits	\$ 4,486,882	\$3,171,677
Short-term deposits	216,018	394,572
Guaranteed investment certificates	7,208,968	4,733,460
Retirement Savings Plans	171,205	61,631
	<u>12,083,073</u>	<u>8,361,340</u>
Accounts payable and accrued charges	90,033	85,687
	<u>12,173,106</u>	<u>8,447,027</u>
Capital (note 3):		
Capital stock —		
Authorized:		
200,000 shares with a par value		
of \$10 each	<u>2,000,000</u>	
Issued:		
124,800 shares	1,248,000	1,248,000
Less subscriptions called		
and in arrears including		
forfeited shares (note 2)	25,100	29,300
	<u>1,222,900</u>	<u>1,218,700</u>
Deficit	204,159	123,955
	<u>1,018,741</u>	<u>1,094,745</u>
	<u>\$13,191,847</u>	<u>\$9,541,772</u>

Estates, Trusts and Agencies

Estates, trusts and agencies under administration	\$ 738,946	\$ 388,934
	<u>\$ 738,946</u>	<u>\$ 388,934</u>

On behalf of the Board

J. L. McKAY-CLEMENTS
President

P. H. HARROWER
Director

REPORT

ust Company as at October 31, 1967 and the accompanying
uded a general review of the accounting procedures and such
ve considered necessary in the circumstances.

s, Trusts and Agencies Account are kept separate from the
e Company as to show the accounts to which they belong.

statements of deficit and profit and loss present fairly the
he results of its operations for the year then ended.

CLARKSON, GORDON & CO.
Chartered Accountants.

NORTHLAND TRUST COMPANY

Statement of Profit and Loss

Year Ended October 31, 1967

(with comparative amounts for the year 1966)

	<u>1967</u>	<u>1966</u>
Operating revenue:		
Income from mortgage loans	\$580,935	\$391,158
Interest and dividends from securities	200,449	151,843
Profit on sale of securities	12,131	1,268
Other operating revenue	44,528	13,033
	<u>838,043</u>	<u>557,302</u>
Operating expenses:		
Interest on deposits and guaranteed investment certificates	504,051	329,080
Salaries and staff benefits	217,510	164,505
Other operating expenses, including rents, commissions, advertising, printing and stationery.	153,896	153,271
	<u>875,457</u>	<u>646,856</u>
Operating loss before other expenses	<u>37,414</u>	<u>89,554</u>
Other expenses:		
Depreciation and amortization	21,332	14,613
Provision for loss on mortgages	8,864	5,111
Office development and opening promotional costs	12,594	15,117
	<u>42,790</u>	<u>34,841</u>
Loss for the year	<u>\$ 80,204</u>	<u>\$124,395</u>

STATEMENT OF DEFICIT

Balance at deficit (surplus) at beginning of year	\$123,955	\$ (440)
Loss for the year	<u>80,204</u>	<u>124,395</u>
Balance at deficit at end of year	<u>\$204,159</u>	<u>\$123,955</u>

The attached "Notes to the Financial Statements" should be read together with this statement.

Notes to the Financial Statements

October 31, 1967

1. Canadian and Provincial Government bonds, Municipal bonds and Corporate bonds and debentures are carried at amortized cost plus accrued interest and other securities are carried at cost, the aggregate of which is greater than quoted market values.

Certain bonds with a par value of \$200,000 have been allotted as security for specific guaranteed investment certificates issued to Hamilton Trust and Savings Company in 1966 when the company's liability with respect to savings and chequing accounts of its former Hamilton branch was assumed by that company. These guaranteed investment certificates amount to approximately \$112,700 as at October 31, 1967.

2. As at October 31, 1967 there were 2,970 shares of the company's capital stock which had been forfeited with a total unpaid balance of \$25,100. Of these, 600 shares having an original subscription price of \$8,100 on which \$5,100 had been paid were declared forfeited during the year ended October 31, 1967.

3. Options granted in 1965 to purchase 42,079 shares of the authorized capital stock of the company at a price of \$10 per share exercisable until October 31, 1975, are still outstanding. Options to purchase an additional 10,000 shares of the authorized capital stock at \$10 per share exercisable until October 31, 1976 have been reserved for an employees' stock option plan.

4. During the year, the company established a new branch in North Bay which was opened in November, 1966.

5. Northland Trust Company has entered into agreements to lease its head office and certain of its branch premises for various periods of up to twenty years at a total rental of \$501,476. Annual rentals under these leases amount to \$42,410.

NORTHLAND TRUST SERVICES

- * SAVINGS ACCOUNTS
- * SAVE BY MAIL
- * CHEQUING ACCOUNTS
- * GUARANTEED INVESTMENT CERTIFICATES
- * TERM DEPOSITS
- * MORTGAGE LOANS
- * CONSUMER LOANS
- * EXECUTORS - TRUSTEES - ADMINISTRATORS
- * INVESTMENT MANAGEMENT
- * CORPORATE TRUSTS
- * RETIREMENT SAVINGS PLANS
- * TRUSTEED PENSION PLANS
- * TRUSTEE FOR BOND ISSUES
- * CEMETERY FUND TRUSTEE
- * TRUST FUND MANAGEMENT
- * MUNICIPAL FUND TRUSTEE
- * PROPERTY MANAGEMENT
- * MONEY ORDERS
- * TRAVELLERS CHEQUES
- * SAFETY DEPOSIT BOXES

BRANCHES

13 Cain Avenue,
Kapuskasing, Ontario.
Phone: 335-2351
Mrs. M. Y. Germain, Officer-in-Charge

51 Government Road West,
Kirkland Lake, Ontario.
Phone: 567-5277
N. Krcel, Manager

Fraser & McIntyre Streets,
North Bay, Ontario.
Phone: 474-0470
J. W. Chapman, Manager

125 Cedar Street,
Sudbury, Ontario.
Phone: 675-1351
W. J. Vanstone, Manager

194 Third Avenue,
Timmins, Ontario.
Phone: 264-9541
J. A. Plant, Manager

HEAD OFFICE — TIMMINS, ONTARIO

NORTHLAND TRUST COMPANY

"Built by and for Northerners"